

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-10 ISO-00

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-03 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 FRB-03 IO-10 OPIC-03 LAB-04 SIL-01 PA-01

PRS-01 /141 W

----- 127886

P 301542Z JUN 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC PRIORITY 2640

AMEMBASSY ABU DHABI

AMEMBASSY BAGHDAD

AMEMBASSY BEIRUT

AMEMBASSY BONN PRIORITY

AMEMBASSY BRASILIA

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY KINSHASA

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY NEW DELHI

AMEMBASSY PARIS PRIORITY

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

USMISSION EC BRUSSELS

USMISSION OECD PARIS UNN

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C O N F I D E N T I A L SECTION 1 OF 2 ALGIERS 1476

E.O. 11652: GDS

TAGS: ENRG, IEA, OPEC, OECD, IP, AG

SUBJ: WEST GERMAN/ALGERIAN TALKS ON RECONVENING

PREPCON

REF: ALGIERS 1469

SUMMARY: ALGERIANS CORDIAL TO WEST GERMANS BUT GAVE NO INDICATION OF ANY MOVEMENT IN THEIR POSITION. THEY SUPPORT DIALOGUE ON THEIR TERMS: LARGER REPRESENTATIVE GROUP (27 COUNTRIES), ALL WORK TIED TOGETHER, CAREFUL PREPARATION TO ASSURE THAT ALL PARTIES ARE WILLING TO COMPROMISE AND NO MEETING BEFORE SEPT. 24 OPEC MEETING. END SUMMARY.

1. WEST GERMAN FOREIGN MINISTER H.J. WISCHNEWSKI STARTED WITH ALGERIAN ON HIS ROUND OF VISITS TO ALL PREPCON CAPITALS. THIS WEEK HE WILL VISIT ZAIRE AND NIGERIA, THEN INDIA, FOLLOWED BY GULF STATES AND FINALLY LATIN AMERICA. WISCHNEWSKI HAS HAD LONG CONTACTS WITH ALGERIA AND HOPED TO PLAY ON PERSONAL CONTACTS AND HONOR OF MAKING FIRST STOP IN ALGERIA TO PRODUCE FORTHCOMING RESPONSE, DESPITE GERMAN EMBASSY PESSIMISTIC REPORTING.

2. ON JUNE 20, WISCHNEWSKI REQUESTED MEETINGS WITH ALGERIAN FOREIGN MINISTER BOUTEFLIKA, MINISTER OF INDUSTRY AND ENERGY ABDESSELAM AND PRESIDENT BOUMEDIENE. HE ARRIVED ALGIERS JUNE 25 AND HAD TO WAIT UNTIL NOON JUNE 26 EVEN TO HEAR IF HE WOULD MEET WITH ABDESSELAM AND BOUMEDIENE; HE NEVER DID HEAR FROM BOUTEFLIKA. HIS FINAL 26 JUNE SCHEDULE WAS ABDESSELAM 1530-1630, BOUMEDIENE 1630-1830, ABDESSELAM 1830-2230, AND DINNER WITH ABDESSELAM 2230 TO 0200 WITH JUNE 27, 0700 DEPARTURE BACK TO GERMANY. SOURCE, ECON OFFICER AT GERMAN EMBASSY, WAS PRESENT AT ABDESSELAM MEETINGS AND SAW NOTES OF BOUMEDIENE MEETING, BUT LARGE GERMAN DELEGATION DID NOT ATTEND BOUMEDIENE MEETING AS ALGERIAN PRESIDENT WAS ALONE.

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3. TO BOTH BOUMEDIENE AND ABDESSELAM, WISCHNEWSKI MADE LONG STATEMENT ON NEED TO RECONVENE PREPCON. HE KEPT VERY CLOSE TO IEA LINE AND KISSINGER STATEMENTS. HE DID EMPHASIZE THIS GERMAN BILATERAL EFFORT IN LINE WITH CHANCELLOR SCHMIDT'S BELIEF THAT DIALOGUE MUST BE CONTINUED. ONLY NEW GERMAN PROPOSAL WAS SEPARATE SUGGESTION THAT CONSUMERS AND PRODUCERS

MEET TO DISCUSS OIL PRICE INCREASES DECIDED BY OPEC.

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PRS-01 /141 W

----- 128189

P 301542Z JUN 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC PRIORITY 2641

AMEMBASSY ABU DHABI

AMEMBASSY BAGHDAD

AMEMBASSY BEIRUT

AMEMBASSY BONN PRIORITY

AMEMBASSY BRASILIA

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4. ALTHOUGH BOUMEDIENE WAS MORE GENERAL AND A LITTLE LESS DOGMATIC THAN ABDESSELAM AND HE MUTED ANTI-US OVERTONES MORE THAN DID ABDESSELAM, THERE WAS SUBSTATIVELY NO DIFFERENCE BETWEEN THEM. ABDESSELAM HIMSELF NOTED BOUMEDIENE SLIGHTLY MORE FORTHCOMING AND WARNED WISCHNEWSKI NOT TO BE FOOLED. DESPIET ABDESSELAM'S HARDLINE, MEETINGS WERE VERY CORDIAL AND REplete WITH JOKES AND HUMOR.

5. THEMES OF CONVERSATIONS WERE:

A. ALGERIANS BLAME BREAKDOWN OF PARIS PREPCON ON US WHO WOULD NOT DISCUSS DEVELOPMENT ISSUES. GERMANS WERE ALMOST AS BAD AND SHOULD FREE THEMSELVES FROM US COAT TAILS. IN FACT, GERMANS WERE AMONG WORST AT LIMA. GERMANS SHOULD HAVE MORE FLIXIBLE APPROACH LIKE FRENCH AND FREE THEMSELVES FROM US EFFORTS TO DOMINATE WORLD.

B. ALGERIANS BELIEVE THEY HAVE ONE CARD, OIL PRICES, AND THEY REFUSE TO PLAY THAT CARD UNTIL THERE HAS BEEN AGREEMENT ON ALL ISSUES. THUS, THOUGH NOT TURNING DOWN THREE COMMISSION APPROACH TO CONSIDER DEVELOPMENT, ENERGY, AND COMMODITIES, THEY WILL NOT ACCEPT IT UNTIL GUARANTEED OF PROGRESS IN ALL AREAS. THEY DID NOT SUGGEST A FOURTH AREA--MONETARY POLICY, BUT THEY DID MAKE CLEAR THAT REFORM OF THE MONETARY SYSTEM WAS PART OF THEIR WHOLE PACKAGE. ALGERIANS FLATLY REJECTED GERMAN PROPOSAL TO DISUCSS OIL PRICE INCREASES. OIL PRICE INCREASES VIA OPEC WERE ALGERIA'S RIGHT, AND THEY WOULD NOT RESTRICT THIS HARD-EARNED RIGHT BY CONSULTATION.

C. ALGERIANS KEPT HARPING ON EFFECTS OF INFLATION WHICH IS THE FAULT OF THE CONSUMER COUNTRIES. THIS IS FAULT OF US FOR NOT MAINTAINING THE VALUE OF THE DOLLAR AND PUMPING DOLLARS ABROAD IN HAPHAZARD FASHION. TO PROTECT AGAINST INFLATION, ALGERIANS INSIST ON INDEXING. FURTHER, THEY INTERPRET KISSINGER STATEMENTS AS REFUSING TO AGREE TO SYSTEM OF INDEXING, SO NO REAL DIALOGUE CAN OCCUR. POSITION CAME ACROSS CLEARLY THAT ALGERIANS WILL DEMAND AGREEMENT IN PRINCIPLE TO INDEX BEFORE THEY WILL SUPPORT RECONVENING

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OF DIALOGUE. (GERMANS RESPONDED IT IS HARD TO ACCEPT BLAME FOR WORLD INFLATION AND IDEA OF INDEXING IS ANATHEMA, BUT THEY DID SAY THEY WOULD CONSIDER IT AND DISCUSS INDEXING THOUGH DOUBTFUL SUCCESSFUL SYSTEM COULD BE DEvised.)

D. ALGERIANS SAID NEXT DIALOGUE MUST BE CAREFULLY PREPARED. IT SHOULD NOT BE USED TO RESTRICT OPEC COUNTRIES, SO IT SHOULD NOT MEET BEFORE SEPT. 24 OPEC MEETING. ALGERIANS DID NOT STRESS UNSS EARLIER IN SEPTEMBER. PREPARATIONS SHOOULD INCLUDE FULL CONSULTATION ON ALL ISSUES BEFORE DECISION TO RECONVENE DIALOGUE. PREPARATIONS ALSO MUST INCLUDE ASSURING PARTICIPANTS ARE REPRESENTATIVE. ALGERIANS SUGGESTED INCREASING PARTICIPATION TO 27 COUNTRIES AND THAT DEVELOPING COUNTRY PARTICIPANTS BE ELECTED BY GROUP OF 77.

E. ALGERIANS ALSO RAISED THEIR POINT THAT MAJOR INDUSTRIAL PROJECTS IN DEVELOPING WORLD BE GUARANTEED BY INDUSTRIAL COUNTRIES.

6. IN SUM, ALGERIANS GAVE NO INDICATION OF HAVING MODIFIED THEIR VIEWS. THEY TOOK HARDLINE WHILE REITERATING THEIR DESIRE FOR DIALOGUE AND ECONOMIC COOPERATION AND BLAMING STALEMATE ON US TAKING HARDLINE. WHEN GERMANS ACCUSED ALGERIANS OF HARDLINE APPROACH, ALGERIANS DENIED IT AND ARGUED THEY WERE SMALL, POOR COUNTRY; AND THE STRENGTH OF THEIR POSITION WAS ITS LOGIC.

7. DESPITE LACK OF PROGRESS, GERMANS PROFESS TO BELIEVE VISIT USEFUL FOR OPPORTUNITY TO WITNESS ALGERIAN LOGIC FIRST-HAND.

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